



# Contingency Contracting Training



## Contract Administration

[Chapter 6 in DCC Handb](#)





# Overview

- Key Points
- Administration Documentation
- File Management
- General Contract Administration
- Construction Contract Administration
- Government Property
- Contracting Monitoring
- Contracting Modifications
- Transferring Contract Functions
- Terminations
- Contract Closeout
- Redeployment/Demobilization Considerations
- Common Systems and Tools
- Chapter Acronyms





# Key Points

- All FAR and DFARS administrative recordkeeping and file management requirements continue under contingency conditions
- Contract files must be organized and sufficiently annotated to document the actions taken and the supporting rationale for the entire procurement process
- Contracting does not end with contract award. Contract administration completes the cycle and assures the customer's needs are satisfied
- Fast and accurate reporting is key to satisfactory contract performance. Timely identification and documentation of deficient contractor performance is critical
- CORs must be properly appointed and trained
- The contract file should be closed once the contractor has satisfactorily completed performance of the contract and final payment has been made
- Coordinate with operational planners, DCMA, and DLA in the reduction and demobilization of equipment, personnel and services





# Administrative Documentation

- Document all purchases to provide an audit trail and to support rationale for entire procurement process, especially in a contingency environment
- Since normal checks and balances may exist, CCOs can be assured auditors will be interested in all paperwork when the unit returns home







# Administrative Documentation

## Problems and High Risk Areas You Will Face:

- Healthy situational awareness can help prevent problems
- Establish good administrative procedures, audit capability, and maintenance protocols early on
- Certain areas of concern include:
  - Obtaining detailed documentation from contractors: [FAR 4.8](#), [DFARS 204.8](#)
  - Field Ordering Officer operations; strong oversight is required
  - Decentralized BPAs carry high risks
  - Relief in Place/Transfer of Authority requires detailed coordination
  - Advance Payments may be risky
  - Redeployment and Demobilization





# File Management

- Documentation in files shall:
  - Furnish essential facts (including description of acquisition environment) used as a basis for informed decisions at each step in the process
  - Document the rationale for actions taken
  - Provide a complete audit trail that will support reviews and future investigations, litigation, or congressional inquiries
- All FAR and DFARS administrative recordkeeping and file management will continue under contingency, humanitarian assistance, or peacekeeping conditions unless stated otherwise
- Contract files must be organized and annotated to document the actions taken and rationale for the entire procurement process, including BPAs, purchase cards, and other expenditures





# File Management

## Examples of File Contents, [FAR 4.803](#):

- Purchase request, acquisition planning information, and other presolicitation documents
- J&As, D&Fs, price negotiation memorandums, and supporting documents
- Evidence of availability of funds
- List of sources solicited
- Independent government estimate
- Copy of the solicitation and all amendments
- Copy of each offer or quotation and related abstract and records of determinations concerning late offers or quotations
- Pre-award survey reports
- Source selection documentation
- Cost and pricing data and certificates of current cost or pricing data
- Cost or price analysis
- Records of negotiation
- Required approvals of award and evidence of legal review
- Notice of award
- Original signed contract, all contract modifications, and documents supporting modifications
- Orders issued under the contract
- COR appointment letters and training
- Record of payments or receipts
- Receiving documentation





# File Management

## Format, Numbering, and Transfer:

- File large purchase orders and contracts in six part folders; avoid the use of multiple manila folders
- Maintain a central registry of all contract instruments including basic instruments and modifications, amendments or other changes
- Establish a file tracking system that permits the location of files to be closely monitored; must locate files quickly to support efficient contracting operations and potential audits or reviews
- Logs, either through an automated system or manual, will be maintained to identify purchase requests that are open, completed, and closed, which will then be used to develop reports and graphs to present production status







# File Management

## Status of Procurement Action Database:

- Simple database reporting system needed to provide visibility and status of procurement actions is required and should be implemented upon arrival at the contingency location
- To prevent total loss, all procurement actions should also be stored in a backup system
- The procurement actions will be collected and maintained by the contracting office and transferred to the senior contracting official per theater guidance





# File Management

The system should include the following data fields:

- Date of receipt of requisition
- Requisition Number
- Customer Organization
- Amount of committed dollars
- Type: construction, service, commodity
- Unit of measure
- Quantity (for example, job, lot, or each)
- Item description
- Uniform PIIN of the contract or order (if this is an order placed under an IDC or BPA, also include the PIIN for the IDC or BPA)
- Type of contracting action
- Date of award
- Contract end date
- Amount of obligated dollars
- For services: option periods
- For construction: notice to proceed date, completion date
- Contractor name
- Contractor Nationality: United States, host nation, third country national
- Contracting officer's name
- Date of receiving report
- Date of final payment
- Date contract was closed out
- Location of contract file
- Remarks (to include pertinent e-mail)





# General Contract Administration

## Contract Administration:

- Process does not end with the award of a contract, purchase order, or delivery order
- The role of contract administration is to complete the cycle, assure the customer's needs are satisfied, and the contractor is fully compensated for services or supplies rendered per contract terms and conditions

## Purchase, Pickup, Receive, and Deliver:

- CCO's responsibilities are more challenging during deployments than during peacetime due to lack of proper receipt of goods and services, and lack of reliable communications
- Expect frequent changes and some possibly cumbersome procedures throughout your deployment





# General Contract Administration

- May not have an interconnected computer information systems
- Have as much information available as possible for the customer along the way; can prevent headaches in the end
- If the delivery date passes or customer receives the wrong item or a partial, broken, or damaged item, the CCO will hear about it
  - Instruct customer not to sign for a purchase until the problem is resolved
- Written followup is essential because it helps keep the facts straight when dealing with vendors
  - Customer shouldn't deal with the vendor directly to resolve conflict
- It is the CCO's job to take care of the customers!







# General Contract Administration

## Receipt, Inspection, and Payment:

- Goods and services are inspected by the customer, who then signs a receiving report and authorizes payment
- The contractor's invoice is then submitted to the contracting office, which will ensure the invoice is correct
- This receiving report must accompany the invoice in order for the vendor to be paid in a timely manner
- The report goes to finance where they will issue payment to the vendor, only if customer's signature is on the report acknowledging the government received the goods or services.
- Government support contractors are not authorized to accept or sign for the government in any situation





# General Contract Administration

## Typical Problems Encountered:

- Without all the key support members involved and coordinating on purchases, accountability can be quickly lost
- Potential problems that will delay payments to the vendor:
  - Proper receipt of goods
  - No central control point for contractors to deliver goods
  - Vendors may deliver directly to the user and the user may fail to notify the contracting activity upon receipt
  - Someone may physically accept the delivery, but will not accept responsibility
- Spending some time and effort to iron out the processes can help tremendously in the end





# General Contract Administration

- Two alternatives to alleviate some problems involved in receiving emergency goods:
  - Strive for a central base receiving point where all goods can be processed
  - Have supply provide a receiving individual to accompany the CCO on all initial buys to establish accountability and control from the onset
    - Note: this will only solve the problem for government pickup items; Direct vendor deliveries to the base will still require proper receipt
- Regardless of what system is used, prior coordination with base supply is necessary to ensure accountability on all emergency goods delivered





# General Contract Administration

## Contract Payments:

- Payment methods (check, electronic funds transfer, or cash) and timing (once a week or even once a month) vary at each location
- Payment is a rather large issue for foreign vendors who may insist on being paid in cash on delivery the first time you do business with them
- Unless otherwise directed in a host nation agreement or status of forces agreement, payment can be made in the local currency
  - DOD FMR Volume 5 [Chapter 13](#) or [FAR 25.1002](#)
  - See your local finance office for currency [exchange rates](#)







# General Contract Administration

## Customer and Contractor Training:

- It is critical to ensure both parties understand their responsibilities

## Increased Funding Requirements:

- In most cases, customers will need additional funding for their requirements in an overseas environment
- If the amount exceeds the percentage deviation authority from the deployed commander, the CCO needs to work with the requiring activity and process a request for an *increase in funds letter*





# General Contract Administration

## Installation Access:

- Usually, the host nation installation or HQ commander determines the type of credentials required for installation entry; will vary from base to base within a country
- Some nationalities aren't allowed on any military installation
- Regardless of location, solicitations and contracts must contain a provision identifying the credentials required for base entry
- Generally, contractors submit requests for passes for their employees and vehicles in coordination with the contracting officer or designated representative





# General Contract Administration

- As with US bases, CCO must ensure passes are returned whenever one of the following conditions occur:
  - The contract is complete
  - A particular individual is no longer working on the contract
  - A vehicle or piece of equipment is no longer required for the work required by the contract
- The security personnel must establish clear procedures or local installation authorities to facilitate access to the base
- Deliveries and shipments can be held at the gate for hours or not be made at all due to access problems
  - Installations often establish receiving sections outside the gate and then reload supplies and equipment onto government vehicles to make final delivery





# General Contract Administration

## Shipment of Supplies and Equipment to an Overseas Location:

- Waiting for the supplies and equipment ordered from the US can be very frustrating for the CCO's customers
  - To minimize shipping time, contractors can use commercial services (for example, DHL or Federal Express), if available
  - Your customers can often advantage of online shipment tracking.
- CCOs must be aware of local customs clearance procedures and contact the proper authorities for expeditious clearance of inbound goods
  - Pre-coordination with proper customs officials is critical, particularly when clearing personal equipment and baggage







# General Contract Administration

- For military transportation, the reachback buying office will check with the local traffic management office for assistance in determining:
  - Port of Embarkation: The geographic point in a routing scheme from which cargo or personnel depart
  - Port of Debarkation: The geographic point at which cargo or personnel are discharged
- Additionally, the reachback buying office can obtain a transportation control number for the shipment
- If contractors use commercial transportation, preference is given to US flag vessels and air carriers





# Construction Contract Administration

## Pre-Construction Conference:

- CCO chairs the meeting to review the terms, conditions, and specifications with the contractor
- A notice to proceed (NTP) should be issued for a construction contract over \$25,000, [FAR 52.211-10](#)
  - The period between contract award and NTP will be used by the contractor to provide bonds, insurance and other administrative requirements
  - All submittals must be accepted by the Contracting Officer or COR.
- For contracts over \$1M, *Unified Facilities Guide Specification 01451, Contractor Quality Control*, specifies guidelines for the quality management program
  - Also provides development of a quality control (contractor)/quality assurance (government) program and the requirement for daily construction logs to support the quality evaluations





# Construction Contract Administration

- Construction contracts have some clauses unique to a construction environment, including the *Differing Site Conditions* clause ([FAR 52.236-2](#))
  - Allows for modifications to account for site conditions that vary from those represented in the solicitation
  - Government assumes risks associated with differing site conditions; contractors should not include contingencies in their bid to mitigate risks





# Construction Contract Administration

## Liquidated Damages, FAR 11.501 and DFARS 211.503:

- LDs clauses are mandatory on construction contracts over \$650K, but can be used in other contracts
- LD clauses on construction contracts under \$650K should be used only when both:
  - The time of delivery or performance is such an important factor in the award of the contract that the government may reasonably expect to suffer damage if the delivery or performance is delinquent
  - The extent or amount of such damage would be difficult or impossible to ascertain or prove
- The rate of LD used must be reasonable and considered on a case-by-case basis
- CO must take all reasonable steps to mitigate LD







# Construction Contract Administration

## LD Procedures, [FAR 11.502](#):

- The applicable LD clause and appropriate rates must be included in the solicitation
- Examples of specific losses are as follows:
  - The cost of substitute facilities
  - The rental of buildings and equipment
  - The continued payment of quarters allowances
- The rate of assessment of LD may be in two or more increments, which provide a declining rate of assessment as the delinquency continues
- The contract may also include an overall maximum dollar amount or period of time, or both, during which LD may be assessed





# Government Property

- Government property means all property owned or leased by the government, and includes both Government-Furnished Property (GFP) and Contractor-Acquired Property (CAP)
- Contracting officers shall provide property to contractors only when it is clearly demonstrated to be in the best interest of the government
- A Property Administrator (PA) is an authorized representative of the CCO appointed in accordance with agency procedures, responsible for administering the contract requirements and obligations relating to government property in the possession of the contractor





# Government Property

## Policies

- [DoDI 5000.64](#) establishes policy, responsibilities, and procedures for DoD-owned equipment
- DCMA Instructions for [Contract Property Management](#)
- [FAR 45](#) prescribes policies and procedures on Government property and how to handle the inventory
  - [FAR 45.603](#) for abandonment, distribution or donation of excess personal property
  - [FAR 45.604](#) for disposal of surplus property
- [DFARS 225.3](#) and PGI 225.7401 establish unique in-theater contractual and technical requirements, country-to-country agreements, and other policies





# Government Property

If you are a MAJCOM and are looking for disposal support, use the appropriate email address below:

**Air Force:** [DLADispositionServicesAirForceHelp@dla.mil](mailto:DLADispositionServicesAirForceHelp@dla.mil)

**Army:** [DLADispositionServicesArmyHelp@dla.mil](mailto:DLADispositionServicesArmyHelp@dla.mil)

**Navy:** [DLADispositionServicesNavyHelp@dla.mil](mailto:DLADispositionServicesNavyHelp@dla.mil)

**Marines:** [DLADispositionServicesMarineHelp@dla.mil](mailto:DLADispositionServicesMarineHelp@dla.mil)

**Coast Guard:** [DLADispositionServicesCoastGuardHelp@dla.mil](mailto:DLADispositionServicesCoastGuardHelp@dla.mil)

DLA Customer Interaction Center (CIC) at 1-877-DLA-Call (1-877-352-2255) accessible 24 hours a day, 7 days a week

[ContactCenter@dla.mil](mailto:ContactCenter@dla.mil)





# Contract Monitoring and CORs

- As a representative of the contracting officer, it is the COR's responsibility to ensure the contractor has provided at least the minimum contract requirements
- Any perceived deviations from the statement of work (SOW), statement of objectives (SOO), or performance work statement (PWS) should be brought to the CCO's attention
- Many people have improperly cost the government money by making seemingly nonchalant remarks asking the contractor to act outside the scope of the contract







# Contract Monitoring and CORs

## Contract Monitoring System (Past Performance):

- Contractor surveillance
  - Contractor Performance Assessment Reporting System ([CPARS](#))
  - Construction Contractor Appraisal Support System ([CCASS](#))
  - In a contingency, these systems are sometimes replaced with an informal contractor compliance system
- The COR must inform the CCO if the contractor is not performing well
- All directions given to contractors, whether verbal or written, will be given by the CCO and should be made a part of the record in the contract file





# Contract Monitoring and CORs

## Contracting Officer's Representatives (COR):

- Contractor surveillance in a contingency may be difficult
- It is critical to establish a properly trained cadre of CORs
  - Qualified individuals appointed and trained by the CCO to assist in the technical monitoring or administration of a contract
- If a COR is planned for a procurement, the CCO should include the clause at [DFARS 252.201-7000](#) in the solicitation and resulting contract





# Contract Monitoring and CORs

- Commanders, as well as CORs, do not have contractual authority to issue directions or changes to any contract or purchase order
- CCO must be immediately notified if changes have been made by unauthorized personnel
  - Was the work performed within scope of the original contract. If not, corrective action must be taken through the ratification process.
- CORs shall forward any correspondence received from the contractor to the CCO
- COR records are a part of the official post-award contract files





# Contract Monitoring and CORs

## Appointment of a COR

- Done by the CCO through the [CORT Tool](#) or in writing, to include:
  - Rank or grade of the COR
  - Applicable contract number
- Appointment letter:
  - Define scope and limitations of responsibilities
  - Say the period for which their appointment is effective
  - Say their authority cannot be redelegated
  - Say they are personally liable for unauthorized acts
- Both the COR and any alternates should be identified and trained prior to deployment
- All service and construction contracts **require** CORs, some highly technical goods may also require a COR





# Contract Monitoring and CORs

The COR will not:

- Obligate funds
- Direct the contractor by words, actions, or failure to act for contractor to take on new work
- Interfere with contractor performance
- *Supervise* contractor employees
- Authorize contractor to obtain property or use government-furnished property (GFP) from another contract
- Modify contract terms and conditions via words, actions, or failure to act







# Contract Monitoring and CORs

## Defense Acquisition University

### COR Training:

- Focus on COR duties
    - Ethics training
    - Specific issues, terms, and conditions of the SOW associated with the contract to which the COR will be assigned
  - To the maximum extent practicable, CORs must receive COR training prior to deployment
- CLC 106: *COR with a Mission Focus*
  - COR 206 and CLC 206: *CORs in a Contingency Environment*
  - COR 222 and CLC 222: *COR's Course and Online Training*
  - CLC 004: *Market Research*
  - CLC 006: *Contract Terminations*
  - CLC 007: *Contract Source Selection*
  - CLC 011: *Contracting for the Rest of Us*
  - CLC 013: *Services Acquisition*
  - CLC 055: *Competition Requirements*
  - CLC 133: *Contract Payment Instructions*
  - CLM 013: *Work- Breakdown Structure*
  - CLM 024: *Contracting Overview*
  - CLM 031: *Improved Statement of Work*
  - CLM 039: *Foundations of Government Property*





# Contract Modifications

## Contract Modifications:

- Expect fluctuations in projected versus actual requirements
- [FAR 43.1](#) and [FAR 52.212-4](#) provide definitions, policy, and limitations regarding the modification of contracts
- Bilateral or unilateral ways to modify terms or performance:
  - Change orders
  - Administrative change
  - Constructive change





# Contract Modifications

## Change Orders

- Contract modification = any written change in the terms and scope of the contract
  - Contracts may be modified by use of a change order
  - Clear distinction must be made between the terms “change,” “change order,” “in scope,” and “out of scope.”
  - Changes can be made in the specifications, drawings, designs, method of packing or shipment, time or place of delivery, and quantity or type of government provided materiel
- Change order = unilateral order signed by the CO directing the contractor to make changes under the various change clauses
  - If the change order increases or decreases the cost or time of the work under the contract, the CO must make an equitable adjustment in the contract price, the delivery schedule, or both.





# Contract Modifications

- Oral agreements, letter contracts, and the rapid pace of acquisition can lead to loosely worded arrangements for contractual actions □ impacts what is within or out of scope
- CCOs cannot make broad interpretations of what items are within the original scope of the contract
- Out of scope modification process
  1. The modification must be bilateral
  2. A justification and approval is required
  3. Approval above the CCO level is needed if the modification exceeds \$650K
- CCO should verify proper change order authority (on [SF 30](#)) used prior to issuing modification
- Ensure supplemental agreements containing an equitable adjustment as the result of a change order include a statement of release [FAR 43.204\(c\)\(2\)](#)





# Contract Modifications

- **Administrative changes** are unilateral changes that do not affect the substantive rights of the parties
- **Constructive changes** occur when the contract work is actually changed but the procedures of the changes clause have not been followed
  - The *change* element: examine actual performance to see if work went beyond the minimum standards demanded by the contract
  - The *order* element: must be ordered by the government and present for the change to be compensable
- Several actions which often lead to a constructive change include:
  - Directing a particular method of performance
  - Late or defective government-furnished equipment
  - Requiring higher quality than specified
  - Failure to approve time extensions







# Contract Modifications

## Methods to Incorporate Contract Changes:

- For the protection of all parties, unilateral and bilateral contract actions should be priced before execution of the modification
- IAW [FAR 52.212-4\(c\)](#), commercial item contracts require bilateral modifications to contracts
  - Unpriced orders are risky - contractor has no incentive to keep costs down, should reach a ceiling price
  - For changes that result in a relatively small increase or decrease in price, efforts should be taken to reach an agreement to incorporate them into the contract on a *no-cost basis*





# Contract Modifications

## Bilateral Modifications:

- Supplemental agreements must be in writing and must be signed by both parties, [FAR 43.103\(a\)](#)
  - Appropriate when the contractor's consent is needed
- All supplemental agreements to contracts for commercial items must be bilateral
- Circumstances that require a supplemental agreement:
  - Incorporating substantive contract changes agreed by both parties
  - Negotiating an equitable adjustment resulting from a change order
  - Prepriced or unpriced? The more formal, regulatory words for this concept are “definitized” and “undefinitized”
  - The risk of unpriced actions is that the government must be willing to pay for what it wants [DFARS 21.171](#)





# Contract Modifications

## Unilateral Modifications, [FAR 43.103\(b\)](#):

- Can only be signed by the CO
- Used to make administrative changes, issue change orders or termination notices, or make changes authorized by clauses other than the changes clause,
- Changing GFP or incorporating a value engineering proposal into the contract

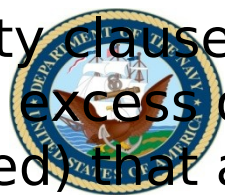




# Contract Modifications

## The Changes Clause:

- Generally, government contracts contain a changes clause that permits the CO to make unilateral changes in designated areas within the general scope of the contract, [FAR 43.2](#)
  - What is being purchased: supplies, services, or construction
  - Type of contract awarded: fixed price or cost reimbursable
- Common elements to all changes clauses:
  - A change order must be within the general scope of the contract
  - The change order must be in writing
  - The change order must be issued by the contracting officer
  - Quantities may not be unilaterally adjusted by use of the changes clause
  - Variation in Estimated Quantity clause: price adjustment required for items received in excess of the quantity called for (including the variation allowed) that are in excess of \$250,





# Contract Modifications

## Request for Equitable Adjustments (REA):

- The government's policy is to try to resolve all contractor REAs at the CO's level without litigation
  - If a mutual agreement regarding an appropriate equitable adjustment to the contract cannot be reached with the contractor, the contractor can submit a claim
  - CO must then issue a final decision to a contractor's claim
  - A valid CO's final decision must, [FAR 33.211](#):
    - Be in writing
    - Be the decision of the contracting officer
    - Inform the contractor of the right to appeal
    - Adequately inform the contractor of the reasons behind the contracting officer's decision







# Transferring Contract Functions

## Delegation of Contract Administration, [FAR 42](#):

- Delegation most commonly occurs in large contingencies
- DCMA has administrative responsibility of contracts
  - Team either on-site DCMA theater area operations organization or a deployable DCMA team
  - DCMA typically deploys teams for major contingencies, but may be able to provide limited support to smaller operations





# Transferring Contract Functions

- Delegating or transferring functions:
  - Transition of requiring activities
  - Transition CCO authority
  - Transferring COR responsibilities to transitioning units
  - Transitioning contractors, from incumbent to new awardees
  - Accounting for Government and Contractor Property
  - Transfer versus Termination for Convenience (T4C) and New Award
- Mechanics of transfer are simple
  - Delegation letter and a unilateral modification are sufficient
- Impact on the contract could be significant





# Terminations

- Termination implies a breach of contract, and adequate compensation is appropriate
  - Termination for Convenience (T4C)
  - Termination for default (T4D) or cause
- Notice of termination should be in writing, to
  - The contract is being terminated
  - Extent of termination
  - Any special instructions
  - Steps contractor should take to minimize impact on personnel, if there will be a significant reduction in the contractor's work force





# Terminations

Upon termination notice, contractor should:

- Stop work immediately
- Terminate all subcontracts
- Immediately advise the termination contracting officer (TCO) of any special circumstances precluding the stoppage of work
- Perform any continued portion of work
- Submit a request for equitable adjustment if necessary
- Protect any Government Furnished Property
- Notify the TCO of any legal proceedings growing out of terminated subcontracts
- Settle any outstanding liabilities (subcontracts)
- Submit a settlement proposal
- Dispose of termination inventory
- See [FAR 49.104](#) for more details.





# Terminations

## Termination for Convenience (T4C)

- Government no longer needs the supplies or services
- Contractor may perceive that dissatisfaction with performance
- If less than \$5K remains on contract, do not terminate, [FAR 49.101\(c\)](#)
- General procedures for T4C:
  - Issue suspension of work for construction or architecture and engineering, specifically excludes profit, [FAR 42.1302](#) and [52.242-14](#)
  - Issue stop work for service or supply, does not exclude profit, [FAR 42.1303](#) and [52.242-15](#)
  - Usually in effect for 90 days
  - Negotiate settlement; if none reached, unilaterally make determination and notify the contractor that changes are under the disputes clause







# Terminations

- Termination for Default (T4D)
  - Contractor fails to perform as required
  - CCO may begin reprocurement under a new contract
- General procedures for T4D (these items are not necessarily performed in the exact sequence listed):
  - Reference default clause [FAR 52.249-8](#) or [52.249-10](#)
  - Issue a cure notice, with a minimum of 10 days, [FAR 49.607](#) for format
  - After 10 days, issue a show cause notice, [FAR 49.607](#) for format
  - Engineer to verify extent of completion and provide estimated value of the completed work
  - Consult with the HCA prior to issuing modification
  - Report on the steps taken in accordance [FAR 42.1503\(f\)](#)





# Terminations

## Termination or Cancellation of Purchase Order, [FAR 13.302-4](#):

- If purchase order accepted in writing
  - Commercial items: [FAR 52.212-4](#) (l) or (m)
  - Other than commercial items: [FAR 52.213-4](#)
- If purchase order not accepted in writing
  - CO notify contractor in writing of cancellation
  - Request the contractor's written acceptance of the cancellation
  - If the contractor does not accept the cancellation, or claims that costs were incurred under the purchase order, the CO should process the action as a termination





# Terminations

## Termination for Cause:

- If the contractor fails to comply with terms and conditions of the contract or fails to provide the government, upon request, adequate assurance of future performance
- Contracts for commercial items under [FAR Part 12](#) may be terminated for convenience or for cause
  - In general, the constraints of [FAR 49](#) (T4C) and [FAR 49.4](#) (T4D) are inapplicable
  - Procedures for termination of commercial item contracts are provided at [FAR 12.403](#)





# Terminations

## Cure Notice

- Required by the default clause if a contract is to be terminated for default before the delivery date
- Before using this notice, it must be ascertained that an amount of time equal to or greater than the period of cure remains in the contract delivery schedule or any extension to it.
- If remaining delivery schedule is not sufficient to permit a 10-day cure period, the cure notice should not be issued
- After the cure notice is issued:
  - Negotiate changes
  - Prepare modification to T4D
  - Document negotiations
  - Obtain contractor's receipt of cure notice





# Terminations

Show Cause Notice, [FAR 49.607\(b\)](#):

- If time remaining in the delivery schedule is not sufficient to permit a 10-day cure period, a show cause notice may be used; to be sent immediately upon expiration of the delivery period

Considerations:

- The CCO must utilize sound business judgment
- Remember: contractors are providing goods and services at a time when the government has been fairly demanding
- Vendors may incur costs in order to perform and should be properly compensated for doing so
- CCO may have to balance fair and just compensation against legally sufficient adjustment and allowability of costs







# Contract Closeout

## Contract Closeout:

- Terms have been satisfactorily completed and final payment has been made □ close contract file ASAP
  - Issue a unilateral modification to deobligate excess funds
  - If final payment amount is subject to contract settlement actions, acceptance deemed to have occurred on the effective date of the contract settlement, [FAR 43.204\(c\)\(2\)](#)
  - Complete DD Form 1594 (Contract Completion Statement), or agency specified form for all contracts, and [DD Form 1597](#) (Contract Closeout Checklist) or for contracts over SAT after proof of delivery received
  - Place completed and certified DD 1594 in the contract file, write the word closed on the file (preferably in large, bold letters), and remove the file from the active contracts
  - Retain the completed contract file as required by FAR or your particular agency





# Contract Closeout

## Procedures for closing out contracts:

- DD Form 1597, primary document for initiating a systematic contract closeout
- CCO will then sign and attach form to DD Form 1594
- If GFP, CCO will forward DD Form 1593 to the property administrator requesting the actual or estimated dates for completion of property administration
- CCO will review the status of funds on physically completed contracts to ascertain whether funds are available for removal prior to final payment





# Contract Closeout

## Closeout of CCO, FOO, BPA Authorized Callers Accounts:

- FOO and BPA authorized callers must return original appointment order, any completed forms and documents, updated PIIN logs, and any unused forms (especially SF 44)
- Main issues when closing contract files, [FAR 4.804-5](#):
  - Contractor's release of claims
  - Final invoice has been submitted and paid
  - Contract funds review completed and excess funds deobligated
  - Storage, handling, and disposal of contract files

## Abandoned or Unclaimed Property:

- Consult with the local judge advocate for disposition of contractor property left behind by the contractor before utilizing or appropriating the asset, [AD 43.6](#)





# Redeployment/Demobilization Considerations

Redeployment is the transfer of forces, personnel, equipment and material to home or demobilization stations for reintegration and out-processing

- CCO should become part of the Joint contingency planning staff and communicates with operational planners, DCMA, and DLA in the drawdown planning
- *See the Handbook Website for an extensive list of redeployment/demobilization considerations.*
  - *Chapter 4 – Additional Text*





# Common Systems and Tools

- Federal Procurement Data System ([FPDS](#))
- Wide Area Work Flow ([WAWF](#))
  - Vendors submit and track invoices and receipt/acceptance documents; government personnel process invoices in real-time
- Joint Contingency Contracting System ([JCCS](#))
  - Produces contract and financial reports to support acquisition forecasting, spend analysis, strategic sourcing and staffing requirements
- Procurement Desktop Defense ([PD2](#))
  - Provides workflow management solution; part of the Standard Procurement System (SPS), integrating acquisition, logistics and financial management systems
- Contractor Performance Assessment Reporting System ([CPARS](#))
  - Supports the FAR requirement to consider past performance information prior to making a contract award - FAR Parts 15, 36 and 42
- Electronic Document Access ([EDA](#))
  - Provides acquisition related information for use by all of the DoD







# Chapter Acronyms

- BPA – Blanket Purchase Agreement
- CCO – Contingency Contracting Officer
- COR – Contracting Officer's Representative
- DCMA – Defense Contract Management Agency
- DD – Department of Defense (Form)
- DFARS – Defense Federal Acquisition Regulation Supplement
- DoD – Department of Defense
- FAR – Federal Acquisition Regulation
- FOO – Field Ordering Officer
- FMR – DoD Financial Management Regulation (DoD 7000.14-R)
- GFE – Government-furnished Equipment
- GFP – Government-furnished Property
- HCA – Head of Contracting Activity
- IAW – In Accordance With
- LD – Liquidated Damages
- PIIN – Procurement Instrument Identification Number
- PWS – Performance Work Statement
- REA – Request for Equitable Adjustment
- SAT – Simplified Acquisition Threshold
- SF – Standard Form
- SOW – Statement of Work
- T4C – Termination for Convenience
- T4D – Termination for Default
- TCO – Termination Contracting Officer
- US – United States





**Agile Contracting Support...Anytime...  
Anywhere**

